



Botswana Telecommunications Corporation Limited

ABRIDGED UNAUDITED INTERIM FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

The Board and Management of Botswana Telecommunications Corporation Limited ('BTC') are pleased to present to shareholders the abridged unaudited financial results of the Company for the half year ended 30 September 2024.



COMMENTARY

Our Business
Botswana Telecommunications Corporation is a converged telecommunications operator offering fixed (voice and data), mobile (voice and data) and broadband services to consumers, enterprise and other licensed service providers.

Half year performance in numbers

- Revenue: P722 million
- EBITDA margin: 34.8%
- Profit before tax: P145 million
- Earnings per share: 10.65 thebe
- ROCE: 5%
- Cost to Income ratio: 81%

Review of Results

The interim Financial Statements of the Company for the six months period ended 30 September 2024 were authorised for issue by the Board of Directors on 28 November 2024.

Performance Overview

The company reported a strong performance for the half year, highlighted by an increase of 8.5% in EBITDA and a remarkable 57% rise in Profit After Tax, from P71m to P112m. Costs decreased by 20%, driven by operational efficiencies, while revenues increased by a modest 1%, reflecting growth in data and financial services despite declines in legacy segments.

Despite a significant decline in fixed network and mobile voice revenues during this period, growth was recorded in mobile prepaid data, mobile financial services, and data centre cloud services, offsetting these declines.

Consumer preference is shifting towards mobility and flexible access to data and mobile financial services, which is expected to drive further growth. The rising focus on data protection is expected to drive demand for BTC's data centre cloud services.

The rollout of fibre is progressing well, with most parts of the network completed. The rollout has contributed to cost reductions and minimized service disruptions caused by copper cable theft.

Domestic Economy

Economic growth in 2024 is expected to fall below the IMF's 4.2% projection. This downturn is primarily due to a decline in global demand for diamonds, which has negatively impacted external demand. The decrease in diamond exports has strained government revenues, particularly from mineral taxes, royalties, and dividends, affecting domestic businesses since the government is a major consumer of goods and services in the country. However, there is optimism for economic growth in 2025.

Outlook

BTC remains committed to becoming the leading digital solutions services provider in Botswana by financial year 2025.

We are expanding our mobile network through construction of new sites and upgrades of existing sites to enhance service quality. Our diverse range of high-speed broadband solutions, which includes both mobile and fixed options, is designed to meet the needs of various market segments, ensuring all customers benefit from improved connectivity.

The mobile financial services (Smega) ecosystem is being strengthened with the onboarding of new services and an expansion in rural areas to support the unbanked population. This initiative is driven by financial inclusion public education program, addresses the critical gap in access to financial services by providing affordable and accessible solutions for all, regardless of location. This initiative supports BTC's goal of increasing financial inclusion and accessibility across Botswana.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 September 2024	Unaudited 6 Months to 30.09.2024 P '000	Unaudited 6 Months to 30.09.2023 P '000	Audited 12 Months to 31.03.2024 P '000
Revenue from contracts with customers	722,059	717,309	1,436,050
Cost of services and goods sold	(267,098)	(335,240)	(637,346)
Gross profit	454,961	382,069	798,704
Interest income	28,185	30,885	62,813
Interest expense	(7,585)	(7,786)	(14,664)
Other income	2,671	1,172	1,551
Selling and distribution costs	(10,759)	(7,993)	(18,225)
Administrative expenses	(185,016)	(172,349)	(361,391)
Impairment loss on financial assets and contract assets	(7,838)	(6,774)	(12,151)
Other expenses	(129,297)	(125,907)	(256,629)
Profit before tax	145,322	93,317	200,008
Income tax expense*	(33,458)	(21,909)	(42,474)
Profit for the period/ year	111,864	71,408	157,534
Other comprehensive income not to be reclassified to profit /loss in subsequent periods			
Gains on property revaluation	-	-	90,430
Income tax effect	-	-	(19,894)
Other comprehensive income for the year	-	-	70,536
Total comprehensive income for the period/ year	111,864	71,408	228,070
Basic and diluted earnings per share (Thebe):	10.65	6.80	15.00

STATEMENT OF FINANCIAL POSITION

As at 30 September 2024	Unaudited 6 Months to 30.09.2024 P '000	Unaudited 6 Months to 30.09.2023 P '000	Audited 12 Months to 31.03.2024 P '000
ASSETS			
Non-current assets			
Property, plant and equipment	1,513,886	1,426,740	1,506,783
Intangible assets	150,388	181,777	170,006
Right of use assets	139,066	98,366	140,412
IRU asset	324,782	362,991	343,887
Contract assets	65,669	39,150	45,830
	2,193,792	2,109,024	2,206,918
Current assets			
Inventories	63,581	64,267	58,390
Trade and other receivables	322,380	239,332	230,830
Contract assets	21,375	31,929	37,851
Income tax receivable	897	897	897
Short term investments	170,350	183,463	107,803
Cash and cash equivalents	404,432	405,993	625,344
	983,015	924,388	1,061,115
Assets held for sale	6,332	-	12,664
Total assets	3,183,139	3,033,412	3,280,697
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	478,892	478,892	478,892
Revaluation reserve	387,889	329,002	393,713
Accumulated profits	1,490,933	1,545,962	1,614,745
	2,357,714	2,353,856	2,487,350
Non-current liabilities			
Development grants	30,618	25,885	27,108
Lease liabilities	148,753	111,845	148,391
IRU liability	54,740	67,706	61,112
Contract liabilities	9,402	11,460	5,461
Deferred tax liability	176,475	100,915	143,017
Employee related provisions	4,166	5,660	5,307
	424,153	323,471	390,396
Current liabilities			
Trade and other payables	341,003	280,161	324,665
Contract liabilities	5,017	9,838	8,718
Lease liabilities	17,435	14,660	15,810
IRU liability	12,965	30,005	12,965
Current portion of development grants	1,470	860	1,471
Current portion of employee related provisions	23,381	20,561	39,322
	401,271	356,085	402,951
Total liabilities	825,425	679,556	793,347
Total equity and liabilities	3,183,139	3,033,412	3,280,697

STATEMENT OF CASH FLOWS

For the half year ended 30 September 2024	Unaudited 6 Months to 30.09.2024 P '000	Unaudited 6 Months to 30.09.2023 P '000	Audited 12 Months to 31.03.2024 P '000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating cash flow before working capital changes	215,682	228,362	468,450
Working capital adjustments:			
(Increase)/decrease in inventories	(4,324)	(9,435)	347
Increase in trade and other receivables	(67,958)	(25,753)	(41,940)
Increase in contract assets	(3,363)	(19,183)	(31,785)
(Increase)/decrease in prepayments	(32,256)	(3,149)	10,744
Increase/(decrease) in trade and other payables and contract liabilities	12,637	(1,604)	38,704
Cash generated from operations	120,419	169,238	444,520
Ordinary dividend paid to shareholders	(227,908)	(68,803)	(89,184)
Income tax paid	-	(68)	(68)
Net cash from operating activities	(107,489)	100,367	355,268
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investment to expand operations:			
Purchase of property, plant and equipment	(66,425)	(44,690)	(144,530)
Purchase of intangible assets	(2,811)	(40,025)	(62,509)
Proceeds from disposal of property, plant and equipment	-	711	23,016
Proceeds from assets held for sale	17,691	-	-
Interest income received	27,913	30,885	64,620
Purchase of investments	(750,000)	(98,463)	(55,634)
Disposal of investments	677,547	343,819	375,456
Net cash generated from/(used) in investing activities	(96,084)	192,567	200,419
CASH FLOWS FROM FINANCING ACTIVITIES:			
Grants received	4,248	3,323	6,050
Interest paid on lease liabilities and IRU liability	(7,645)	(8,012)	(14,744)
Principal payment of lease liabilities	(7,350)	(2,882)	(19,274)
Principal payment of IRU liability	(6,372)	(22,728)	(46,514)
Net cash from financing activities	(17,119)	(30,299)	(74,482)
(Decrease) /Increase in cash and cash equivalents	(220,692)	262,635	481,205
Net foreign exchange difference on cash and cash equivalents	(220)	-	781
Cash and cash equivalents at beginning of the period/year	625,344	143,358	143,358
Cash and cash equivalents at the end of the period/year	404,432	405,993	625,344

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 September 2024	Stated Capital P '000	Revaluation Reserve P '000	Accumulated Profits P '000	Total P '000
Balance at 1 April 2023	478,892	334,826	1,537,542	2,351,260
Profit for the year	-	-	157,534	157,534
Other comprehensive income for the year	-	70,536	-	70,536
Total Comprehensive Income	-	70,536	157,534	228,070
Ordinary dividend declared	-	-	(91,980)	(91,980)
Depreciation transfer for land and buildings	-	(11,649)	11,649	-
Balance at 31 March 2024	478,892	393,713	1,614,745	2,487,350
Profit for the period	-	-	111,864	111,864
Total Comprehensive Income	-	-	111,864	111,864
Ordinary dividend declared	-	-	(241,500)	(241,500)
Depreciation transfer for land and buildings	-	(5,824)	5,824	-
Balance at 30 September 2024	478,892	387,889	1,490,933	2,357,714

Presentation of Interim Financial Statements

The unaudited interim Financial Statements are presented in Botswana Pula which is the Company's functional currency.

Basis of Preparation and Accounting Policies

The unaudited interim financial statements have been prepared on a historical cost basis, except as modified by the revaluation of certain fixed assets and on the going concern basis.

The accounting policies adopted for the period comply in all material respects with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Standards Interpretations Committee and in the manner required by the Companies Act of Botswana (CAP 42:01). These policies are consistent with those applied for the year ended 31 March 2024.

Dividends Declaration

The BTC Board has declared dividend of 4 thebe per share for the half year ended 30 September 2024. In terms of the Botswana Income Tax Act (Cap 52:01) as amended, withholding tax at the rate of 10% or any other currently enacted tax rate will be deducted from the gross dividend.

Important dates pertaining to this dividend are:

Declaration date – 28 November 2024

Ex-dividend date – 10 January 2025

Last date to register – 14 January 2025

Dividend payment date – 24 January 2025

Mokgethi Magapa | **Boitumelo Paya**
Chairperson | Chief Executive Officer (Acting)

Board of Directors

Mokgethi Magapa (Chairperson), Boitumelo Paya (Chief Executive Officer (A) Ranjith Priyalal De Silva*, Bafana Molomo, Thato Kewakae Amantle Kgosiemang, Itemogeng B. Pheto, Mcedisi R. Solomon *Sri Lankan

Company Secretary

Sidney Mganga

Company Number

BW00000748937

Transfer Secretaries

Central Securities Depository Company of Botswana
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Contact Details:
3674400/ 09/11/12
Contact Person: Nonofa Phalatshe or Ambrosia Khupe

Auditor

Deloitte & Touche
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Registered Office

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